

# Academic Affairs Committee Agenda

January 16, 2001

8:30 a.m. (ET), Capitol Annex, Room 69, Frankfort, Kentucky

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## Roll Call

1. Discussion – Adult Education Action Plan Study Session Overview ..... 3
2. Discussion – Enrollment Growth and Retention Fund Guidelines ..... 11
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## Other Business

## Adjournment

## **ADULT EDUCATION ACTION PLAN STUDY SESSION OVERVIEW**

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**Agenda Item 1  
January 16, 2001**

At its November meeting, the council approved An Agenda for Adult Education in Kentucky and the Adult Education Action Plan as directed by Senate Bill 1. The agenda establishes a 20-year strategy and statewide mission for adult education in partnership with the Department for Adult Education and Literacy. The action plan authorized the release of \$6.1 million of the Adult Education and Literacy Trust Fund for fiscal year 2000-01. The council also authorized the staff to implement the action plan.

At the request of the Academic Affairs Committee, the staff has prepared additional materials for further discussion of adult education. The material is organized around four themes:

- A review of Senate Bill 1, the guiding directive of the council's adult education efforts, and its compatibility with House Bill 1, the Kentucky Postsecondary Education Improvement Act of 1997.
- The role of colleges and universities in adult education.
- A review of the council's past actions on adult education.
- What the council can expect in the future.

## **What is adult education?**

Federal and state regulations define “adult education” as services or instruction below the postsecondary level for individuals:

- Who have attained 16 years of age.
- Who are not enrolled or required to be enrolled in secondary school under state law.
- Who (1) lack sufficient mastery of basic educational skills to function effectively in society; (2) do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or (3) are unable to speak, read, or write the English language.

## **How is adult education funded?**

Individual participants do not pay for adult education. Adult education is funded through four sources:

- Federal allotments to the Department for Adult Education and Literacy (\$8.3 million this fiscal year).
- State allotments to the Department for Adult Education and Literacy (\$11 million annually).
- State allotments to the council’s Adult Education and Literacy Trust Fund (\$19 million total, \$7 million in fiscal year 2000-01 and \$12 million in fiscal year 2001-02).
- Local community funds, mostly in-kind contributions (rent-free facilities, etc.).

## **What is Senate Bill 1?**

Senate Bill 1 was based upon recommendations from Governor Patton’s Task Force on Adult Education (1998-99). The task force was started because The 1995 Kentucky Adult Literacy Survey found that more than 40 percent of Kentucky’s working-age population functioned at the two lowest levels of literacy. That equals about 1 million people, and only five percent of them were participating in adult education programs.

Senate president David Williams sponsored the bill, which was passed by both houses unanimously and signed into law by Governor Patton.

## **What is the role of the council?**

Senate Bill 1 defines the council’s role in adult education. It requires the council to establish a statewide mission and 20-year strategy for adult education. The council is directed to:

- Promote cooperation among programs, agencies, and institutions responsible for adult education.
- Increase the efficient and effective use of adult education resources in all counties.

- Lead a statewide public communication campaign to convey the critical nature of Kentucky's adult literacy challenge and to provide information about available education and training opportunities to adults and employers.
- Establish standards for adult literacy and monitor progress in achieving the state's adult literacy goals, including existing standards developed to meet federal law.
- Administer the Adult Education and Literacy Trust Fund.

### **Who are the other key players?**

In fulfilling this directive, the council is to work primarily with the Department for Adult Education and Literacy as well as the Collaborative Center for Literacy Development. Each of these organizations has specific duties outlined in Senate Bill 1.

The Department for Adult Education and Literacy is housed within the Cabinet for Workforce Development. Senate Bill 1 directs the department to implement the Council on Postsecondary Education's statewide plan for adult education. It should:

- Administer a statewide adult education and literacy system.
- Prepare biennial budget requests in consultation with the council.
- Provide technical assistance in developing family literacy services.

Thus, both the council and the department have adult education funds that can be used to implement the plan: \$19 million in the council's Adult Education and Literacy Trust Fund and about \$17 million in the department's total state and federal allotment.

The Collaborative Center for Literacy Development is headquartered at the University of Kentucky, but involves all public universities and the KCTCS. It is a separately funded research arm (\$1.8 million annually) of the entire literacy effort from preschool through adulthood. Senate Bill 1 directs the center to:

- Develop an information clearinghouse about reading and literacy programs from the elementary grades through adult education.
- Collaborate with postsecondary institutions and adult education providers to provide preservice and professional development in reading instruction.
- Assist regions with low levels of reading skills to assess and address literacy needs.
- Establish a demonstration and training site for early literacy located at each of the public universities.
- Evaluate all adult education reading and literacy programs including those funded through the Adult Education and Literacy Trust Fund.

## **Other notable aspects of Senate Bill 1**

Two aspects of Senate Bill 1 affect the council's work in adult education.

- By stipulating local initiatives and county resources, SB1 is structured on the “local provider” model. Local providers are the current form of statewide adult education delivery. The current providers are under contract with the department until July 2002. Providers are required to meet performance and enrollment goals to maintain the contract. A contract may be terminated for poor performance with thirty days notice. The department chooses these providers through a request for proposal process. The effectiveness of the providers varies by county and region. But, the council's strategic planning has to begin within this current structure.
- SB1 stipulates state income tax credits for employers who assist employees in obtaining a GED and tuition discounts for full-time employees who complete the GED and advance on to Kentucky postsecondary institutions.

## **How does adult education tie in with postsecondary reform?**

In many ways, Senate Bill 1 is similar to House Bill 1. HB1 reorganized Kentucky's public colleges and universities into a more comprehensive and unified system. SB1 does the same for adult education. Each is fundamental to Kentucky's economic development. Both are focused on providing an educated workforce and enlightened citizenry capable of lifelong learning.

SB1 requires the Council to collaborate with the department and the center. Additionally, SB1 stipulates that the Adult Education and Literacy Trust Fund is to provide adult education to every community. The council's strategic planning starts with the current system in order to provide access to local providers. The strategic plan also addresses long-standing local provider system limitations: inequitable funding across counties, poor information systems, inadequate professional development, and weak accountability standards.

As implemented by the council, both postsecondary education and adult education reform are moving to shift the focus of policy and spending from providers (colleges, universities, local adult education entities) to solving pressing state problems. There is also the shared challenge of advancing individuals through the educational system. For Kentucky's postsecondary institutions to reach the goal of 80,000 more students by 2020, adult education participants will need to be involved.

## **What are the roles for the colleges and universities?**

One topic of discussion at the November 13 Academic Affairs Committee meeting was the participation of colleges and universities.

The Adult Education Action Plan emphasizes family literacy and workplace education. The KCTCS is playing a major role in workforce training. It is taking a lead role, along with the department, in the Workforce Alliance (part of component #3, The Economic Development and Workforce Training Matching Program). In addition, the KCTCS is coordinating the development of state workforce assessment and certification standards. Efforts also are underway to address P-16 issues and barriers to bridging the gap between secondary and postsecondary education. Finally, it should be noted that the KCTCS institutions are currently the sole adult education providers for nine counties.

The comprehensive universities will aid their regions in adult education by working in partnership with the local providers and local community/technical colleges in preparation and professional development of adult educators and in developmental education for adult learners. For example, Morehead State University will play a significant statewide role through its Institution of Regional Analysis and Public Policy as well as its proposed Cora Wilson Stewart Academy of Adult Education. The universities also will provide evaluation and research in partnership with local providers as part of their public service. For instance, Eastern Kentucky University has already established a partnership with the local providers and community colleges to focus on regional adult education opportunities. Finally, it needs to be noted that Eastern Kentucky University is currently the adult education provider for Madison County, and Morehead State University is the adult education provider for Rowan and Morgan counties.

The University of Kentucky and the University of Louisville will aid the state through applied research. A number of the urban adult education providers have commented that they would benefit from research that is focused on their needs.

Independent institutions also play a role. Many rural areas are served by independent institutions and they would logically be valuable partners in training adult education teachers.

### **What has the council done so far?**

A council study session in May 2000 examined adult education as part of the economic development perspective of 2020 Vision. The council staff presented information on literacy definition, participants' characteristics, scope of challenge, and need for council leadership. In addition, SB1 was reviewed as part of the legislative wrap-up at the May 2000 council meeting.

The Adult Education Preliminary Action Plan was approved by the council at its July 2000 meeting. This plan laid the groundwork for the 20-year strategic plan by addressing nine areas:

1. Public Communication Plan
2. New Opportunity Grants
3. Economic Development and Workforce Training Matching Program
4. Local Needs Assessment and Community Development
5. Professional Development
6. Statewide Information Technology and Distance Learning
7. Tuition Discounts and Employer Tax Credits

8. Statewide Competency-Based Certification for Workplace Skills
9. Base Funding, Performance, and Rewards

Also during the July meeting, \$1 million of the \$7 million Adult Education and Literacy Trust Fund (fiscal year 2000-01) was allocated to plan, develop, and implement a statewide public communication campaign (#1 above) as specified in SB1.

The council approved The Adult Education Action Plan at the November 2000 meeting at Morehead State University. The plan followed the nine objectives of the preliminary plan, and sought \$5.1 million for four of the objectives:

- New Opportunity Grants (\$1.5 million)
- Economic Development and Workforce Training Matching Program (\$500,000)
- Statewide Information Technology and Distance Learning (\$700,000)
- Tuition Discounts and Employer Tax Cuts (\$100,000)
- Base Funding, Performance, and Rewards (\$2.3 million)

The remaining three objectives will be addressed in a request to the council in spring 2001.

Also at the November 2000 meeting, the council approved An Agenda for Adult Education in Kentucky, which meets the directives of SB1 in establishing a statewide vision for adult education.

### **What can the council expect in the future?**

What the council approved and allocated in November (and in July for the Public Communications Campaign) was the first fiscal allocation to begin implementing the strategic plan. The funds allocated were for this year only (that is, they are non-recurring dollars). The components of local needs and assessment, professional development, and statewide competency-based certification for workplace skills will be presented in the spring for funding from the current fiscal year allocation only.

An additional \$12 million will be available in the Adult Education and Literacy Trust Funds for fiscal year 2001-02. The council staff will propose a plan for use of those funds at the May 2001 meeting.

Beyond fiscal allocations, the council will receive updated overviews of the progress in adult education as well as the evolution of the statewide approach. Much like the key indicators of progress toward postsecondary reform, five critical questions have been developed to guide the Agenda for Adult Education in Kentucky:

1. Are more Kentuckians participating in adult education programs?
2. Are these adult learners meeting their educational goals?
3. Are more adult learners advancing on to postsecondary education?
4. Are more adult learners being prepared for the continually changing workplace?

## 5. Are Kentucky's communities and economy benefiting?

Core indicators have been developed to measure Kentucky's progress for each of these questions. These indicators also have been instituted into local providers' accountability measures. They will be presented for discussion at the January study session.

### Summary

Senate Bill 1 guides adult education policy and is compatible with the legislation that guides postsecondary reform. Both are intended to help improve the lives of Kentucky's people. In terms of adult education, that change is marked by the assumption that the GED is the beginning, not the end, of an adult learner's educational journey.

Kentucky needs more skilled and knowledgeable workers. Given the state's relatively stable population, it is important that as many workers as possible with low literacy skills be offered opportunities to improve themselves. It is especially important that the part of the low-skilled population that is in child-bearing and child-rearing stages of life gain skills that will help their children succeed in school and persist to advanced education. These are the 300,000 people that the Adult Education Action Plan proposes to include in adult education programs by 2014.

The Kentucky Long-Term Policy Research Center's fourth biennial report, Challenges for the New Century, concludes that many Kentucky adults are not prepared for the knowledge-based jobs that increasingly define the new economy. As brains become more valuable than brawn, these workers will fall further behind in wages and job security. The answer, according to the report, is "straightforward: education, education, education, in early childhood, K-12, postsecondary, and for adults."

Kentucky needs new and better jobs with a more highly skilled and knowledgeable workforce to fill them. Postsecondary education and adult education reform go hand-in-hand.



## **2001-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES**

**Agenda Item 2  
January 16, 2001**

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House Bill 502, the executive branch budget bill for the 2000-02 biennium, directs the council to establish criteria for distribution of the fiscal year 2002 funds for the enrollment growth and retention program. The total appropriation was \$8 million each year for fiscal years 2001 and 2002. HB 502 contained specific allocations to each institution for fiscal year 2001. The fiscal year 2002 funds are recurring and may be added to the institutions' base General Fund appropriations as part of the council's 2002-04 operating budget recommendation.

The council requested a \$16-million enrollment growth and retention program for fiscal year 2002 as part of the 2000-02 budget recommendation. Through HB 502, the General Assembly instead funded \$8 million for each year of the biennium. The first-year funds were allocated non-recurringly by the General Assembly based on projected headcount enrollments but without regard to actual performance.

Attached are three distribution alternatives for the fiscal year 2002 program funds. They have been developed by the council staff and discussed with the presidents and the chief budget officers. The first two options have also been discussed with the chief academic officers.

The first two options allocate the program funds recurringly in December 2001 after fall's 2001 enrollment and retention rates are known. These two options are performance based and assign added weight to growth in the number of students from underserved counties.

The third option allocates the program funds before fall 2001 enrollment and retention rates are final and without regard for students enrolled from target counties. The allocations may be recurring depending on whether an institution meets its retention goal or increases enrollment. Any unearned funds would revert to the trust funds and be distributed as part of the 2002-04 enrollment growth and retention program. The presidents support Option 3, which advances the funds in July 2001.

The staff seeks guidance from both the Finance Committee and the Academic Affairs Committee.

***2001-02 Enrollment Growth  
and  
Retention Program***

***Distribution Alternatives***

***January 5, 2000***

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Appendix B: Option 3 Advance Program Funds Allocations

## **Introduction**

Kentucky wants to reach the national averages for college going and percentage of adults with degrees. The 2000-02 Enrollment Growth and Retention Program was created to assist in achieving these goals. The funding for this program is provided through three separate trust funds.

House Bill 502 directed the distribution of the \$8-million in program funds for the fiscal year 2001 and directed the council to develop the distribution method for fiscal year 2002. The Action Agenda established enrollment and retention goals for each institution. In developing options for distribution of fiscal year 2002 funds, the council staff was guided by the following principles:

- The Enrollment Growth and Retention Program should supplement the benchmark funding approach.
- Funds appropriated to the Enrollment Growth and Retention Program should provide incentives to the institutions to reach their enrollment and retention goals.

Presented here are three options for distributing the recurring \$8 million program funds for fiscal year 2002. The first and second options allocate the program funds in December 2001 after fall 2001 enrollment and retention rates are known. The third option would allocate the program funds in July 2001, before the fall 2001 semester.

## **General Guidelines**

- Allocations from the three trust funds for enrollment growth and retention will go to eligible institutions only– there may be no redistribution among trust funds:

Research Challenge Trust Fund (UK, LCC, and UofL)	\$1,650,000
Regional University Excellence Trust Fund (comprehensive universities)	\$2,850,000
Postsecondary Workforce Development Trust Fund (Kentucky Community and Technical College System)	<u>\$3,500,000</u>
Total Enrollment Growth and Retention Program	<u>\$8,000,000</u>
- Funds not allocated because institutions missed goals may be given to institutions that met or exceeded theirs.

## **Retention**

- Retention goals are published in the 2000-01 Trust Fund Guidelines.
- Retention is measured by the number of first-time freshmen (full-time and part-time undergraduate students) who return a year later (fall semester to fall semester).
- The fall 2001 semester retention rates will be compared to the established goals.

## **Enrollment Growth**

- Enrollment growth will be measured by the increase in FTE students from fall 1998 to fall 2001. FTE will be calculated based on total full-time headcount enrollment plus one-third of the total part-time headcount enrollment.
- Enrollment goals are published in the 2000-02 Trust Fund Guidelines: EKV, KSU, MoSU, MuSU, NKU, and WKU will be measured by growth in undergraduate enrollment, UK by increases in undergraduate and graduate and professional enrollment, UofL by growth in graduate and professional enrollment, and KCTCS and LCC by increases in headcount students enrolled in college credit courses.
- Two of the three proposed distribution formulas weight increases in the number of students enrolled from underserved populations.
- No special consideration is given to KYVU enrollments.

### **Option 1: Retention Goals as Threshold to Program Funds (Performance Based)**

- An institution must achieve its fall 2001 retention goal to be eligible to receive any fiscal year 2002 program funds.
- Institutions achieving their fall 2001 retention goals will receive program funds based upon actual FTE enrollment growth measured from fall 1998 to fall 2001.
- Enrollment growth from target counties will receive additional weight in the allocation of program funds. The allocations will be based on enrollment growth, calculated state support amounts per FTE, and increases in the number of students enrolled from underserved populations. The resulting distribution will be limited to the amount of available enrollment growth funds.
- Any unearned funds in each of the three trust funds will be redistributed among eligible institutions that have met or exceeded retention and enrollment goals.
- The allocations will occur by December 15, 2001, and will be recurring. The allocated funds will be added to each institution's state General Fund appropriation base beginning with the fiscal year 2003.

## **Option 2: Separate Enrollment Growth and Retention Pools (Performance Based)**

- Each trust fund will have separate, equal pools for enrollment and retention.
- An institution must achieve its fall 2001 retention goal to receive any fiscal year 2002 program funds from the retention pool. The funds will be distributed among eligible institutions based on fall 2001 undergraduate headcount.
- The enrollment growth funds will be allocated based on actual FTE enrollment growth measured from fall 1998 to fall 2001.
- Enrollment growth from target counties will receive additional weight in the allocation of program funds. The allocations will be based on enrollment growth, calculated state support amounts per FTE, and increases in the number of students enrolled from underserved populations. The resulting distribution will be limited to the amount of available enrollment growth funds.
- Any unearned funds will be redistributed among eligible institutions that have met or exceeded their retention and enrollment goals.
- The allocations will occur by December 15, 2001, and will be recurring. The allocated funds will be added to each institution's state General Fund appropriation base beginning with the fiscal year 2003.

### **Option 3: Advance Program Funds (Goal Based)**

- Program funds will be allocated to the institutions before fall 2001 enrollment and retention rates are known. The funds will be allocated based on the methodology presented in Option 2—separate enrollment growth and retention pools.
- The retention pool will be distributed among the institutions based on fall 2001 undergraduate headcount enrollment goals.
- The enrollment growth funds will be allocated to the institutions based on fall 2001 enrollment goals less fall 1998 actual enrollment times the established state support amount per FTE for each institution. The resulting distribution will be limited to the amount of available funds.
- The allocations will occur in July 2001. The allocated retention funds will become recurring if the institutions achieve their fall 2001 retention goals. The allocated enrollment funds will become recurring to the extent that the institutions achieve their fall 2001 enrollment goals. The advance allocations based on Option 3 are presented in Appendix B.
- The council's 2002-04 budget recommendation will be based on fall 2001 enrollments to address the actual increases in enrollment on a recurring basis. Any unearned recurring fiscal year 2002 enrollment growth and retention funds will revert back to the trust funds and be used as part of the 2002-04 enrollment growth and retention programs. Thus, the 2002-04 enrollment growth and retention program will address increases in the 2002-04 biennium.



# Kentucky Postsecondary Education

## 2000-02 TRUST FUNDS GUIDELINES:

*Research Challenge Trust Fund*

*Regional Excellence Trust Fund*

*Postsecondary Workforce Development Trust Fund*

*Technology Initiatives Trust Fund*

*Physical Facilities Trust Fund*

*July 17, 2000*

# 2000-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES

## *Introduction*

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The Council, in conjunction with the institutions, established enrollment and retention targets that will be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiatives to reach national averages in educational attainment by 2020. Additionally, the program should target underserved areas.

The 2000-02 Appropriations Bill allocates the \$8 million Enrollment Growth and Retention Program funds for 2000-01:

### **Research Universities**

University of Kentucky	\$950,000
Lexington Community College	250,000
University of Louisville	450,000
<b>Total</b>	<b>\$1,650,000</b>

### **Comprehensive Universities**

Eastern Kentucky University	850,000
Kentucky State University	400,000
Morehead State University	350,000
Murray State University	200,000
Northern Kentucky University	350,000
Western Kentucky University	700,000
<b>Total</b>	<b>\$2,850,000</b>

<b>Kentucky Community and Technical College System Total</b>	<b>\$3,500,000</b>
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<b>System Total</b>	<b>\$8,000,000</b>
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The 2001-02 appropriation is not allocated at this time.

Biennial enrollment and retention goals were established for each institution as part of the *1999-2004 Action Agenda*.

- For 2000-01, institutions will be measured by whether or not they meet the fall 2000 goals.
- Because of the 2000-01 legislative appropriation, the enrollment and retention schedules now include objectives for each year of the biennium. The first year objectives are interpolations.

#### **A. Uses of Enrollment Growth and Retention Program Funds**

1. There are no restrictions on the non-recurring use of 2000-01 Enrollment Growth and Retention Program funds for institutions that meet fall 2000 enrollment and retention goals.
2. Institutions that assign 2000-01 enrollment growth and retention funds to recurring activities should understand that the distribution of the 2001-02 appropriation will be based on meeting enrollment and retention goals in the fall of 2001.

#### **B. Distribution of 2000-01 Funds**

Enrollment growth and retention funds will be distributed after July 1, 2000. However, institutions that do not meet fall 2000 enrollment and retention goals must submit a plan showing how the funds will be used to support recruitment and retention efforts.

#### **C. Distribution and Uses of 2001-02 Enrollment Growth and Retention Program Funds**

It is anticipated that the 2001-02 Enrollment Growth and Retention Program Guidelines will be submitted to the Council no later than its January 2001 meeting. The distribution of 2001-02 funds will be based on meeting fall 2001 enrollment and retention goals.

***Undergraduate Enrollment  
Fall Semester***

	<u>Actual</u>		<u>Goal</u>	
	<u>1998*</u>	<u>1999*</u>	<u>2000</u>	<u>2001</u>
<b>Research Universities</b>				
University of Kentucky	17,200	16,800	17,300	17,400
Lexington Community College	6,100	6,800	6,700	7,000
University of Louisville	14,600	14,700	14,500	14,400
<b>Comprehensive Universities</b>				
Eastern Kentucky University	13,500	13,300	13,800	14,100
Kentucky State University	2,200	2,300	2,300	2,400
Morehead State University	6,700	6,600	6,800	6,900
Murray State University	7,300	7,300	7,400	7,500
Northern Kentucky University	10,600	10,700	10,700	10,900
Western Kentucky University	12,700	12,900	13,000	13,200
<b>KCTCS</b>	45,500	46,000	47,300	48,800
<b>Subtotal</b>	<b>136,400</b>	<b>137,400</b>	<b>139,800</b>	<b>142,600</b>
Independent Institutions	24,200	24,100	24,200	24,700
<b>Total Undergraduate Enrollment</b>	<b>160,600</b>	<b>161,500</b>	<b>164,000</b>	<b>167,300</b>

\* Rounded

***Graduate/Professional Enrollment\****  
***Fall Semester***

	<u>Actual</u>		<u>Goal</u>	
	<u>1998**</u>	<u>1999**</u>	<u>2000</u>	<u>2001</u>
University of Kentucky	7,000	6,700	7,000	7,100
University of Louisville	6,100	6,000	6,200	6,300
<b>Total Graduate/Professional Enrollment</b>	<b>13,100</b>	<b>12,700</b>	<b>13,200</b>	<b>13,400</b>

\* Excludes Postdoctoral Students

\*\* Rounded

## ***Retention Rates Fall Semester***

	<b>Actual</b>		<b>Goal</b>	
	<b><u>1998*</u></b>	<b><u>1999*</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>
<b>Research Universities</b>				
University of Kentucky	80%	79%	80%	81%
Lexington Community College**	62	62	63	63
University of Louisville	71	69	72	73
<b>Comprehensive Universities</b>				
Eastern Kentucky University	63	61	64	65
Kentucky State University	57	71	58	59
Morehead State University	64	59	65	66
Murray State University	72	67	72	73
Northern Kentucky University	63	62	64	65
Western Kentucky University	68	67	68	69
<b>KCTCS**</b>	53	53	54	55

\* Rounded. First-time freshmen in fall 1997 who were still enrolled in fall 1998, and first-time freshmen in fall 1998 who were still enrolled in fall 1999.

\*\* Includes students who transferred to public universities.

**Enrollment Growth and Retention Program  
Option 3: Advance Program Funds  
2001-02 Allocations**

	<b>FY 2002</b>		
	<b>Retention Funds</b>	<b>Enrollment Funds</b>	<b>Total Allocation</b>
<b>Research Challenge Trust Fund</b>			
University of Kentucky	\$ 370,000	\$ 456,000	\$ 826,000
Lexington Community College	148,800	166,400	315,200
University of Louisville	306,200	202,600	508,800
	<u>\$ 825,000</u>	<u>\$ 825,000</u>	<u>\$ 1,650,000</u>
<b>Regional University Excellence Trust Fund</b>			
Eastern Kentucky University	\$ 365,300	\$ 390,200	\$ 755,500
Kentucky State University	62,200	262,700	324,900
Morehead State University	178,800	141,700	320,500
Murray State University	194,300	154,700	349,000
Northern Kentucky University	282,400	154,200	436,600
Western Kentucky University	342,000	321,500	663,500
	<u>\$ 1,425,000</u>	<u>\$ 1,425,000</u>	<u>\$ 2,850,000</u>
<b>Workforce Development Trust Fund</b>			
KCTCS	\$ 1,750,000	\$ 1,750,000	\$ 3,500,000
<b>Total Enrollment Growth and Retention Program Funds</b>	<u><b>\$ 4,000,000</b></u>	<u><b>\$ 4,000,000</b></u>	<u><b>\$ 8,000,000</b></u>

Two items endorsed by the P-16 Council will be presented for council action at the February 4 joint meeting of the State Board of Education and the Council on Postsecondary Education.

- 1. Formation of Local P-16 Councils.** The P-16 Council has recommended that the Council on Postsecondary Education approve \$100,000 to use for grants to form new local P-16 councils and to support the work of existing local councils and alliances. Local partnerships can make the best decisions about particular needs. Although the state P-16 Council addresses policy issues across state agencies, important work must be done at the local level—in classrooms, schools, and the workplace. The Council on Postsecondary Education, working with the Department of Education and the Education Professional Standards Board, will issue a request for proposals for local councils in February. Proposals will be received through March 31, 2002. (See Attachment A.) The local council initiative is generally consistent with a pre-filed bill for the 2001 General Assembly session by Representative Jon Draud calling for formation of local councils. (See Attachment B.)
- 2. Position Statement on Articulation Agreements.** The Council on Postsecondary Education will consider the attached position statement advocating the development of agreements between secondary and postsecondary systems in Kentucky to ease transition for students. It has been endorsed by the P-16 Council and approved by the State Board of Education. (See Attachment C.)

Staff Preparation by Dianne M. Bazell



## **Local P-16 Councils Request for Proposals**

### **I. BACKGROUND**

The Council on Postsecondary Education, on behalf of the state P-16 Council, invites the leadership of public and independent colleges and universities, school districts, and civic organizations to submit proposals to form new local P-16 (pre-kindergarten through baccalaureate) councils or to extend the work of existing local councils.

Guided by educational, community, and business leaders, local councils will aid the Council on Postsecondary Education in attaining its *2020 Vision* goal of “an integrated system of elementary and secondary schools and providers of postsecondary education, committed to meeting the need of students and the Commonwealth.”

### **II. PROGRAM GUIDELINES**

#### **A. Eligible Applicants**

Leaders of educational institutions (such as chief academic officers of Kentucky’s two- and four-year public and private institutions, superintendents of school districts, and principals of schools) as well as local civic and business leaders are invited to apply for funding to initiate or extend a local P-16 agenda.

#### **B. Activity Requirements**

Proposals will identify a plan of organization for a local or regional P-16 structure and for specific projects aimed at improving student achievement.

##### **1. Organization**

Specific council composition and leadership roles will be determined by local circumstances. Advisory guidelines for local P-16 councils provided by The Education Trust, Inc. are included with this RFP.

- Local P-16 councils should include representation from P-12 schools, two- and four-year postsecondary institutions, and community members, including parents and employers.
- Local councils may be initiated by any of the stakeholders in our education system.
- “P-16” should be understood to include early childhood through adult life-long learning.
- Local P-16 councils may vary in geographical breadth as determined by local needs.

## 2. Agenda

Projects leading to, or growing out of, the local council might include the following:

- Review and analysis of data on student achievement or teacher assets and needs.
- Formation of groups of P-12 teachers and postsecondary faculty by discipline to identify what students need to know and be able to do to be college-ready.
- Publication of high school graduation competencies that are consistent with postsecondary placement standards.
- Development of middle and high school curricula that provide students skills meeting college and workplace competency requirements.
- Development of transfer agreements between P-12 and postsecondary systems that assist both at-risk and accelerated students.

Existing local or regional councils may apply for funding for advancing current projects or initiating new ones.

## 3. Strategic planning

Proposals should provide a time frame and strategies for maintaining local councils for the long term.

## 4. Evaluation

All proposals should state specific criteria for evaluating the success of the work undertaken.

All grantees will provide a progress report on the work funded by the grant no later than June 30, 2002.

## III. PROPOSAL FORMAT

The proposal must adhere to the following format:

- Brief proposal narrative (not to exceed 10 double-spaced pages)
- Timeline
- Budget
- Assessment plan
- Composition of local P-16 council
- Documents verifying the commitment of local council members

#### IV. PROPOSAL REVIEW PROCESS AND EVALUATION CRITERIA

All proposals will be reviewed and rated by panels established by the Council on Postsecondary Education in consultation with Kentucky Department of Education or the Education Professional Standards Board. The following evaluation criteria will be used to rate the proposals.

- Easily understood, concise, well conceived, and focused on improving student learning and achievement.
- Local council includes representatives from all key stakeholders in the P-16 education system.
- A plan for sustaining P-16 cooperation.
- A timeline for pursuing the proposed and future P-16 efforts.
- Evidence of institutional commitment on the part of all key components of the P-16 system, including the appropriate allocation of resources and staff time to sustain a local P-16 council beyond the period initiated by the seed funding.

#### V. FUNDING, SUBMISSION, REVIEW PROCESS, AND DEADLINES

- Grants will not exceed \$10,000.
- Proposals will be reviewed through March 31, 2002, by the staff of the Council on Postsecondary Education, the Department of Education, and the Education Professional Standards Board.
- Applicants must submit five (5) complete, typed copies of the proposal stapled in the upper left corner.
- Submit proposals to:  
 Gordon K. Davies, President  
 Council on Postsecondary Education  
 1024 Capital Center Drive, Suite 320  
 Frankfort, KY 40601



## KENTUCKY LEGISLATURE

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### HB17

#### WWW Version

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[HB 17](#) (BR 69) - J. Draud, H. Moberly

AN ACT relating to education councils.

Amend KRS 164.001 to define "P-16 council" or "council of partners"; and create a new section of KRS Chapter 164 to specify that the Council on Postsecondary Education administer a matching grant program to enable the establishment of regional P-16 councils and to describe the purposes of the regional councils; require an annual report from each.

Jan 2-introduced in House

Jan 3-to Education (H)

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[Kentucky Legislature Home Page](#) | [Record Front Page](#)

# **POSITION STATEMENT ON ARTICULATION AGREEMENT PROCESS AND PROCEDURE**

## **Introduction:**

Current trends in educational requirements for jobs indicate that 70% of the jobs in the future will require some level of postsecondary education. Therefore, Kentucky must provide increased opportunities for more students to make successful transitions to postsecondary education. All levels of education must collaborate and cooperate in developing articulation agreements that create clear pathways for students to successfully complete transition to the next level without delays, duplication of courses or loss of credit. Articulation builds upon knowledge and skills; bridges the gap between various educational systems; provides maximum utilization of finances, equipment, and personnel; and allows students to exchange credits across educational systems without duplication, without penalty, and without wasting valuable resources. School-to-Work and Tech Prep models across the country and existing articulation agreements between high schools, area technology centers, regional universities and the Kentucky Community and Technical College System within Kentucky demonstrate that articulation agreements can be effectively developed and implemented; however, relatively few students are benefiting from the articulation agreements because of lack of knowledge of the agreements or barriers at the school level.

## **Statement of Intent:**

The Council on Postsecondary Education and the Kentucky Board of Education created the P-16 Council in 1999 to focus on improving opportunities for students to enter postsecondary education and successfully complete a postsecondary program. One of the specific responsibilities of the Council is to promote programs that provide maximum flexibility for students transitioning from high school to postsecondary education. Therefore, the P-16 Council has adopted the following position statement on secondary/postsecondary articulation:

*It is the intent of the P-16 council that all Kentucky schools, colleges, and universities cooperate and collaborate on the implementation of articulation of educational programs.*

## **Definition:**

1. Articulation – a process for coordinating the linking of two or more educational systems to help students make a smooth transition from secondary to postsecondary education and among postsecondary schools without experiencing delays, duplication of courses or loss of credit.

2. **Skill Standards** - what a student must know and be able to do in order to be

prepared to enter the workforce in specific occupational areas.

3. **Vendor-based certifications** - skill specific certifications that are developed by individual companies or organizations that measure technical competency.

### **Mission:**

The P-16 Council was created to focus on issues relating to the improvement of opportunities for students to transition from secondary to postsecondary education. The Council strongly promotes the development of articulation agreements between and among secondary to postsecondary and postsecondary-to-postsecondary educational institutions within Kentucky.

### **Principles:**

1. Educational partners participating in articulation agreements recognize and accept the credibility and validity of each educational system as they provide the education and training that students need for a better-qualified work force.
2. Articulation agreements are developed in occupational areas for which the demand for employment is substantial and the knowledge and skills required are begun at the secondary level and completed at the postsecondary level.
3. Where career specific linkages exist from secondary to postsecondary education and among postsecondary institutions, articulation agreements are developed to align curriculum and award credit.
4. Administrators and faculty at each education level (secondary and postsecondary) participate in curriculum alignment and development of articulation agreements.
5. When validation of equivalent competencies is necessary in determining acceptance of course work from one level to another, the validation process and the participating institutions jointly approve procedures.
6. The Block Credit concept for a specific occupational program or for a general occupational program is essential in the development of systemwide articulation agreements. Block credit means that the reciprocating institution accepts an entire occupational program or a component of an occupational program rather than a traditional course-by-course transfer. There is a financial incentive to students, families, and tax supporters in that students and taxpayers pay for a block of technical training once and a block of general education once.
7. Articulation agreements include a sequence of academic and technical courses that provide a smooth and seamless transition from secondary to postsecondary education that include technical skills, written and oral communication, math, science, interpersonal, and job search skills.
8. All educational institutions providing areas of study in technical subjects including high schools, technical schools, community colleges, private colleges, and universities are to

9. Accreditation concerns of educational partners can be addressed through articulation agreements that recognize the credibility of all institutions entering into said agreements.
10. Students completing the high school level courses of an articulated program may receive postsecondary technical or college credit for that work as long as the basic competency requirements for the equivalent postsecondary course(s) have been met. Validity of transcript or skill standards certifications provides evidence of competence.
11. Upon initiation by the student who has successfully completed requirements for articulation to the next educational level, records will be released to the appropriate educational institution.

## **Articulation Models**

When determining which specific model or combination of models to use to establish agreements, the following sequence of models for articulation between secondary and postsecondary levels of education is recommended:

1. Skill Standards  
As Kentucky moves forward with implementing a system of occupational skill standards and assessments, it is recommended that postsecondary institutions recognize those occupational areas that offer skill standards certificates. The Skill standards certificates are to establish competence and to provide a basis for consideration for postsecondary academic credit.
2. Vendor-based Certifications  
Any technical skill area that provides national certification such as Computer Systems Technology (MCSE, Cisco, Nortel, etc.) is to be recognized for articulation and consideration for postsecondary academic credit.
3. Course to Course Credit  
Course to course or blocks of courses (i.e., one or more secondary course(s) = one postsecondary course) articulation agreements should be developed in those areas of secondary technical education that are directly aligned with postsecondary technical education. When it is determined that students are successfully achieving technical skills at the secondary level that are included in postsecondary programs, articulation and consideration for postsecondary academic credit should be provided.

## **Expectations:**

In order to assist with the implementation of articulation on a statewide level, the P-16 Council supports the development of articulation agreements on a statewide level among the Kentucky Board of Education, Board for Adult and Technical Education, Council on Postsecondary Education, and the Kentucky Community and Technical College System. This should be completed through the work of task forces that utilize the above stated principles and represent education at both the secondary and postsecondary levels. Further, it is the desire of the P-16 Council that all P-16 participating agencies develop specific strategies to implement articulation agreements.





# Finance Committee Agenda

January 16, 2001

1 p.m. (ET), Capital Annex, Room 131, Frankfort, Kentucky

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## Roll Call

Approval of December 19, 2000, Finance Committee Minutes .....	39
1. Discussion – 2002-04 Funding Methodology “Points of Consensus” .....	45
2. Discussion – 2001-02 Enrollment Growth and Retention Guidelines .....	51
3. Discussion – Postsecondary Education Trust Fund Investment Income .....	65
4. Discussion – Technology Initiative Trust Fund .....	67
5. Action – Institutional Capital Project: KCTCS Henderson Community College Lease of Classroom Space .....	69
6. Other Business	

## Adjournment

**MINUTES**  
**Finance Committee**  
**December 19, 2000**

The Finance Committee met December 19, 2000, at 10:00 a.m. (ET) in Meeting Room A, Council on Postsecondary Education, Frankfort, Kentucky. Chairman Baker presided.

*ROLL CALL*

The following members were present: Mr. Barger, Mr. Hackbart, Ms. Legg (via ITV in Somerset, Kentucky), Mr. Owen, and Chairman Baker. Ms. Coates, Mr. Greenberg, and Mr. Whitehead were not present.

*APPROVAL OF  
MINUTES*

A motion was made by Ms. Legg and seconded by Mr. Barger to approve the December 19, 2000, Finance Committee minutes. The motion passed unanimously.

*DISCUSSION:  
2002-04 FUNDING  
METHODOLOGY  
OF  
CONSENSUS*

Mr. Ron Carson, the council's senior fellow, presented the Points of Consensus Among University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology. *POINTS OF* Mr. Carson reviewed each of the clarifying statements.

The fifth clarifying statement stipulates that the benchmark method will involve a review of benchmark institutions using objective data consistent with the existing selection criteria. It also states that the issue of including universities with medical schools as benchmark institutions is still under review. Chairman Baker asked which Kentucky comprehensive universities have benchmark institutions with medical schools. Mr. Carson and Ms. Martin said Eastern Kentucky University and Western Kentucky University are the only two.

The sixth clarifying statement says that adjustments to institutional base budgets should include across-the-board inflationary increases for all institutions as well as equity adjustments resulting from the benchmark process. Mr. Hackbart asked whether this provision overlaps the fourth clarifying statement. Mr. Carson explained that the base has two components—an across-the-board percentage and equity adjustments.

Mr. Hackbart asked if it is possible to create a new term for equity adjustment because that term was used when referring to the old funding formula. Mr. Votruba suggested that the word equity be deleted.

The seventh clarifying statement says that the cost differential related to new undergraduate and graduate enrollments should be addressed through a new Enrollment Growth and Retention Trust Fund. Mr. Carson said that in the current budget, the Enrollment Growth and Retention Program actually cuts across three existing House Bill 1 trust funds, which creates implementation issues. The agreement includes creating a new trust fund for enrollment growth and retention.

President Alexander said the presidents and Mr. Davies agree that a master's or doctoral degree costs more to produce than a bachelor's degree. This new trust fund would add weight to new students who enroll in graduate and professional programs.

The third clarifying statement under Provision 3 stipulates that the institution and the council should strive to have mandated programs separately identified in future budget bills to clarify each institution's base General Fund operating appropriation. Mr. Hackbart noted that in the 1980s mandated programs were rolled into university base appropriations. He said identifying these programs as separate activities could reduce institutional flexibility. Mr. Hackbart asked for the presidents' opinions.

President Alexander said this issue is very important to the University of Kentucky, Murray State University, and the University of Louisville, all of which would be forced to identify mandated programs to make the benchmark funding approach work. He said legislation identified the Breathitt Veterinary Center in Hopkinsville as separate from Murray State.

Mr. Hackbart said that during the last couple of decades, the tendency has been to combine these programs within the base to provide greater institutional flexibility.

Mr. Carter said UK has a diagnostic lab, agriculture extension service, agriculture experiments, and the Kentucky Geological Survey. He also supported the idea of lump-sum appropriations, but cautioned against using per-student costs. UK's benchmarks are mixed: some are land grant, some not; some with medical schools, some not.

President Shumaker said that, for example, the indigent care money for citizens of Louisville passes through the University of Louisville to University Hospital. The university does not own the hospital and cannot spend the money, which shows up in the university's budget and counts against benchmark calculations.

President Reid said federal legislation requires states with 1890s land-grant institutions to match 30 percent of the federal contribution -- \$750,000 for Kentucky State this year.

Dr. Benjamin Carr, vice president for administration at the University of Kentucky, said that missing from this section is how to get requests to the governor, the General Assembly, and the Council on Postsecondary Education after these mandated programs are carved out. Dr. Carr suggested this would be a good place to provide the opportunity for biennial budget requests through the council for mandated programs.

President Votruba said that over the last several months, the presidents and Mr. Davies have tried to achieve some points of consensus. The significance is not in the detail, but in acknowledging the need to discuss how to handle mandated programs.

Mr. Hackbart said that the comparability issue is a concern. Another concern is that this may be a much more complex model, potentially, than the old formula. Comparing Kentucky's institutions with others elsewhere could become a tremendous undertaking. Mr. Hackbart said that maybe the question that should be asked is whether there may be a fundamental flaw with the benchmarking process – rather than adjusting the base. He said that this question should be asked and thought through before the fundamental model is changed.

President Votruba said that one of the by-products of the focus on mandated public service and research programs would be to highlight the extent to which there is flexibility and autonomy within each of those identified programs.

Ms. Moore said President's Votruba's point is important. Not only should the mandated programs be identified, but we also should determine whether the mandates could be removed so flexibility is maintained.

Mr. Carson reviewed Section III, Special Funding, and the clarifying statements. The second statement says that the commonwealth, through its partnership agreement with the U.S. Department of Education's Office for Civil Rights, is committed to strengthening Kentucky State University. President Reid suggested replacing the word strengthening with enhancing. He said the enhancement is needed in three areas: academic programs, physical plant, and support for the kinds of students who enroll at Kentucky State University.

Mr. Carson reviewed Section IV, Endowment Match Program. The third clarifying statement stipulates that special consideration – such as more time – may be given to institutions with demonstrated difficulty in matching public dollars with private ones. President Reid questioned whether a match is appropriate for an institution like Kentucky State.

Mr. Carson reviewed Section V, Space Planning Guidelines. The last clarifying statement says that the council should continue to recommend a sufficient agency bond pool amount and allow institutions to bond projects without reducing the state bonding capacity. This statement is in response to Mr. Hackbart's comments at previous Finance Committee meetings on this subject.

Copies of two letters were distributed, one dated December 11, 2000, from Dr. Ramsey, state budget director, to Mr. Davies, and Mr. Davies' response, dated December 14, 2000. Mr. Carson explained that the State Budget Office and the Finance Cabinet are establishing a work group to review issues related to postsecondary education debt. The work group will be co-chaired by the deputy state budget director and the executive director of financial management. Institutional representatives and council staff will be included.

*DISCUSSION:*

*POSTSECONDARY  
EDUCATION TRUST  
FUNDS INVESTMENT  
INCOME*

Ms. Angela Martin, the council's new vice president for finance, said the interest income from trust funds stays with trust funds, according to the 1997 reform legislation. Secretary McCarty stated in a letter to the council that the interest is actually allocated to each institution and that the funds need to be used for the legislative purpose of the trust funds. At the December 6 presidents' meeting, the interest income was discussed. Mr. Davies proposed that, consistent with the use of the trust funds themselves, the investment income be matched. As of June 30, 2000, \$5.6 million of investment income is in the various trust funds. Mr. Davies also proposed that if the institutions allocated some or all of their investment income to advancing the statewide engineering strategy, the council would provide matching funds from the academic program development funds. The program development funds are within the Technology Initiative Trust Fund.

*DISCUSSION:*

*PROPOSED  
AMENDMENT TO  
ENDOWMENT  
MATCH PROGRAM  
GUIDELINES*

Mr. Carson presented the Endowment Match Program agenda item. This resulted from Mr. Greenberg's proposal at the November Finance Committee meeting. Mr. Greenberg has withdrawn the proposal but would like to have the issue further discussed by this committee. Members were provided copies of Mr. Greenberg's proposal, the 2000-02 Endowment Match Program Guidelines, May 26 correspondence from then council vice president for finance Mr. Ken Walker to the chief budget officers

regarding the 1998-200 reporting guidelines, and Bill Request 104, filed by Representative Clark, concerning the endowment match program.

Mr. Carson discussed Representative Clark's pre-filed bill and brought specific items to the committee's attention, including that the council should have limited use of the Research Challenge Trust Fund to endowed chairs. President Alexander said comprehensive universities find it difficult to raise private dollars to match public ones. He said attracting contributions is easier if a donor has options besides an endowed chair.

President Votruba said a narrow definition may make sense for UofL and UK, but the broader definition works best for the comprehensive institutions in terms of the intent of the public policy.

Dr. Carr said the restriction would not be helpful to UK. He said to strengthen a research program and graduate program, the best faculty, students and support are needed, not just the chair.

President Votruba said that is a very important point. In graduate education and research, excellence is built in clusters. Clusters require students, faculty, equipment, and support to recruit high performing superstars.

Mr. Michael Curtin, director of planning and budget at UofL, agreed and said flexibility is needed with donors.

Mr. Hackbart said that it is as important to retain outstanding faculty as it is to attract scholars from around the country, but it is also important to attract nationally recognized scholars to the institutions and to build the research and academic quality of programs. The proposed language may be a problem for the entire system as we move forward.

Chairman Baker said the second section of Representative Clark's resolution would limit the use of matching trust funds to university defined areas of concentration and asked if the council approved a 60-40 match at some point. Mr. Carson said the council approved a provision that 60 percent of the funds were to go to science, technology, and engineering related fields. Chairman Baker said he has been concerned that there is not emphasis on building a better society and that some money has to be put into the liberal arts.

Chairman Baker asked for reaction on the section of Representative Clark's resolution to set appropriate matching amounts for endowed chairs. President Votruba said flexibility is needed—the cost of sciences is quite high and the

cost of some other areas is low—and that the judgment of the institutions should be trusted. Mr. Hackbart agreed and said to restrict it to a certain dollar amount could create difficulty.

*INFORMATION:  
POSTSECONDARY  
EDUCATION  
FUNDING  
HISTORY*

Mr. Carson presented the information item, Postsecondary Education Funding History, which was prepared in response to committee discussion at the Finance Committee's December meeting. This agenda item includes a chronology in capsule form of what has occurred during the past 20 years; a variety of data including a case study; several tables on state debt, both in terms of overall state debt and postsecondary education's portion of the state's debt authorization; and information on agency-funded debt since 1990.

*OTHER  
BUSINESS*

Chairman Baker recognized the departures of Mr. Ed Carter and Ms. Billie Hardin. He thanked them for their participation and service to the Finance Committee and the Council on Postsecondary Education.

*ADJOURNMENT*

The meeting adjourned at 11:50 a.m.

Respectfully submitted,

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Angela S. Martin  
Vice President, Finance

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Mary Morse  
Secretary

## **2002-04 FUNDING METHODOLOGY POINTS OF CONSENSUS**

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**Agenda Item 1  
January 16, 2001**

“Points of Consensus among University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology” will become the basis of the postsecondary education operating and capital guidelines for the council’s 2002-04 budget request. This evolving document, discussed at the December 19, 2000, Finance Committee meeting, will be presented to the Operating Budget Review Subcommittee of the Strategic Committee on Postsecondary Education January 16. The council will be asked to endorse it February 5, and council Chairman Charles Whitehead will present the final version to SCOPE February 7.

The presidents and Dennis Jones, president of the National Center for Higher Education Management Systems, discussed the agreement again January 3. The presidents accepted the minor wording changes suggested by members of the Finance Committee December 19 and agreed to exclude universities that have medical schools as benchmark institutions for the Kentucky comprehensive universities because of data comparability issues.



Staff Preparation by Angela S. Martin and Ron Carson

# **Points of Consensus among University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology January 8, 2001**

## **I. Base Funding**

**Provision 1:** In recognition of the Commonwealth's commitment to an excellent system of postsecondary education and postsecondary education's linkage to economic development growth, recommendations for funding to be appropriated to the base budgets of the universities and the Kentucky Community and Technical College System will provide the following:

- a) An inflationary increase as provided to other agencies of state government.
- b) Maintenance and operation funds to support new educational and general buildings approved by the General Assembly.
- c) Changes in debt service requirements for institutional bond issues supported from state appropriations and to be paid by the institution.
- d) The benchmark method is one of several acceptable approaches to establish institutional base budgets and should be retained to determine equity adjustments to the base General Fund appropriations to the institutions. However, the current model will be supplemented and strengthened. Institutions will have the opportunity to negotiate the replacement of up to five institutions from their current benchmark lists. In addition, the benchmark method should be augmented to address the differential costs related to new undergraduate and graduate enrollments through a new Enrollment Growth and Retention Trust Fund (Section II).

### ***Clarifying Statements***

- Based on actions of the council, the governor, and the General Assembly to reaffirm the state appropriation bases of institutions, no redistribution among institutions of existing institutional General Fund base appropriations should occur. Institutional General Fund base budgets should not be reallocated through the state budgeting process.
- General Fund appropriations to institutions should continue to be lump sum with necessary accountability requirements.
- Institutions should continue to have the delegated authority to set tuition rates.
- The annual General Fund base increase request should be, at a minimum, the percentage provided to state agencies in the Legislative Research Commission's promulgated biennial *Budget Request Manual*.

- The benchmark method will involve a review of benchmark institutions using objective data consistent with the existing selection criteria. Universities with medical schools will not be considered as benchmark institutions for the Kentucky comprehensive universities.
- Adjustments to institutional base budgets should include across-the-board inflationary increases for all institutions as well as adjustments resulting from the benchmark process.
- The cost differential related to new undergraduate and graduate enrollments should be addressed through a new Enrollment Growth and Retention Trust Fund (Section II).
- If feasible, a study should be undertaken to identify General Fund debt service at the benchmark institutions. The identified General Fund debt service amounts should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.

**Provision 2.** Actual tuition should not be an offset against General Fund appropriations.

***Clarifying Statements***

- Kentucky's funding approach needs to reflect the shared funding responsibility between the state and the student (tuition).
- A uniform standard for determining the tuition deduction from the calculated public funds amount should be developed. The standard deduction should be lower for KCTCS than for the universities.

**Provision 3.** The council and the institutions should identify and agree upon mandated public service and research programs having no student enrollments or instructional function. These will be factored out of benchmark funding evaluations.

***Clarifying Statements***

- Institutions should identify state-funded mandated public service and research programs funded through General Fund appropriations having no student enrollments or instructional function. These programs could be identified through, for example, a search of the Kentucky Revised Statutes. Institutions should provide appropriate documentation including the date the program was created and the levels of General Fund support over time.
- In order for the removal of mandated programs to be useful in the benchmark process, public service and research General Fund appropriations should be treated as consistently as possible across all Kentucky institutions and their respective benchmark institutions. If feasible, a study should be undertaken to identify similar mandated programs at the benchmark institutions. Such General Fund appropriations should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.
- The institutions and the council should strive to have mandated programs separately identified in future budget bills to clarify each institution's base General Fund operating appropriation.

## II. Trust Funds

Trust funds should be maintained. An Enrollment Growth and Retention Trust Fund should be recommended and should recognize the differentiated costs of undergraduate and graduate instruction. Funding amounts should be based on the council's recommended benchmark funding objectives and upon enrollment and retention goals negotiated with each institution.

### *Clarifying Statements*

- The trust funds approach is important for assuring the achievement of *Strategic Agenda* goals. Distribution criteria for each trust fund, including the criteria for determining institutional allocations and matches (if any), should be part of the council's 2002-04 budget request.
- Enrollment growth and retention funds should be requested through an Enrollment Growth and Retention Trust Fund with performance goals negotiated with the institutions as the criteria to access funds.
- The Enrollment Growth and Retention Trust Fund should recognize the differentiated costs of increased undergraduate and graduate enrollments. Funding amounts for the Enrollment Growth and Retention Trust Fund should be based on each institution's benchmark funding objective per FTE.

## III. Special Funding

Funding of special and meritorious initiatives may be designated by the council for flow-through funding; however, guidelines will be promulgated well in advance.

### *Clarifying Statements*

- Criteria for the council's evaluation of special initiative requests will be established early in the process.
- The Commonwealth, through its partnership agreement with the U.S. Office for Civil Rights, is committed to enhancing Kentucky State University. KSU and the council should fulfill this commitment through further discussions.
- Institutions should be provided an opportunity to request increases in General Fund appropriations for mandated programs that have been factored out of the benchmark process.

#### **IV. Endowment Match Program**

The Endowment Match Program should be retained at least through the 2002-04 biennium.

##### ***Clarifying Statements***

- Matching requirements play an integral part of the Endowment Match Program by providing incentives for private fund-raising.
- Matching funds received from private donors for the Endowment Match Program should be endowed.
- Special consideration may be given to institutions with demonstrated difficulty in meeting matching requirements such as additional time to match their allocated state funds.

#### **V. Space Planning Guidelines**

The space planning guidelines will be further reviewed as to coding of research space, quality of space, and fitness for purpose.

##### ***Clarifying Statements***

- The council should submit a capital projects recommendation for the 2002-04 biennium to the governor and the General Assembly based on requests submitted by institutions under guidelines developed by the council early in the budget process. The Space Planning Guidelines will be revised to address coding of research space, quality of space, and fitness for purpose.
- Capital funding guidelines should allow for requests for capital renewal of existing facilities, equipment replacement, and equipment acquisitions consistent with the goals of House Bill 1 and the Strategic Agenda. The council should advance requests for new facilities when necessary to accomplish a specific strategic goal or support the mission of the institution.
- The Capital Renewal and Maintenance Program should continue to be based on projects recommended by the council.
- The council should continue to recommend a sufficient agency bond pool amount and recommend that institutions have the autonomy to bond their own projects without affecting the state bonding capacity.

## **2001-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES**

**Agenda Item 2  
January 16, 2001**

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House Bill 502, the executive branch budget bill for the 2000-02 biennium, directs the council to establish criteria for distribution of the fiscal year 2002 funds for the enrollment growth and retention program. The total appropriation was \$8 million each year for fiscal years 2001 and 2002. HB 502 contained specific allocations to each institution for fiscal year 2001. The fiscal year 2002 funds are recurring and may be added to the institutions' base General Fund appropriations as part of the council's 2002-04 operating budget recommendation.

The council requested a \$16-million enrollment growth and retention program for fiscal year 2002 as part of the 2000-02 budget recommendation. Through HB 502, the General Assembly instead funded \$8 million for each year of the biennium. The first-year funds were allocated non-recurringly by the General Assembly based on projected headcount enrollments but without regard to actual performance.

Attached are three distribution alternatives for the fiscal year 2002 program funds. They have been developed by the council staff and discussed with the presidents and the chief budget officers. The first two options have also been discussed with the chief academic officers.

The first two options allocate the program funds recurringly in December 2001 after fall's 2001 enrollment and retention rates are known. These two options are performance based and assign added weight to growth in the number of students from underserved counties.

The third option allocates the program funds before fall 2001 enrollment and retention rates are final and without regard for students enrolled from target counties. The allocations may be recurring depending on whether an institution meets its retention goal or increases enrollment. Any unearned funds would revert to the trust funds and be distributed as part of the 2002-04 enrollment growth and retention program. The presidents support Option 3, which advances the funds in July 2001.

The staff seeks guidance from both the Finance Committee and the Academic Affairs Committee.

***2001-02 Enrollment Growth  
and  
Retention Program***

***Distribution Alternatives***

***January 5, 2000***

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Option 2: Separate Enrollment Growth and Retention Pools (Performance Based)

Option 3: Advance Program Funds (Goal Based)

Appendix A: 2000-02 Enrollment Growth and Retention Program Guidelines

Appendix B: Option 3 Advance Program Funds Allocations



## **Introduction**

Kentucky wants to reach the national averages for college going and percentage of adults with degrees. The 2000-02 Enrollment Growth and Retention Program was created to assist in achieving these goals. The funding for this program is provided through three separate trust funds.

House Bill 502 directed the distribution of the \$8-million in program funds for the fiscal year 2001 and directed the council to develop the distribution method for fiscal year 2002. The Action Agenda established enrollment and retention goals for each institution. In developing options for distribution of fiscal year 2002 funds, the council staff was guided by the following principles:

- The Enrollment Growth and Retention Program should supplement the benchmark funding approach.
- Funds appropriated to the Enrollment Growth and Retention Program should provide incentives to the institutions to reach their enrollment and retention goals.

Presented here are three options for distributing the recurring \$8 million program funds for fiscal year 2002. The first and second options allocate the program funds in December 2001 after fall 2001 enrollment and retention rates are known. The third option would allocate the program funds in July 2001, before the fall 2001 semester.

## **General Guidelines**

- Allocations from the three trust funds for enrollment growth and retention will go to eligible institutions only– there may be no redistribution among trust funds:

Research Challenge Trust Fund (UK, LCC, and UofL)	\$1,650,000
Regional University Excellence Trust Fund (comprehensive universities)	\$2,850,000
Postsecondary Workforce Development Trust Fund (Kentucky Community and Technical College System)	<u>\$3,500,000</u>
Total Enrollment Growth and Retention Program	<u>\$8,000,000</u>
- Funds not allocated because institutions missed goals may be given to institutions that met or exceeded theirs.

## **Retention**

- Retention goals are published in the 2000-01 Trust Fund Guidelines.
- Retention is measured by the number of first-time freshmen (full-time and part-time undergraduate students) who return a year later (fall semester to fall semester).
- The fall 2001 semester retention rates will be compared to the established goals.

## **Enrollment Growth**

- Enrollment growth will be measured by the increase in FTE students from fall 1998 to fall 2001. FTE will be calculated based on total full-time headcount enrollment plus one-third of the total part-time headcount enrollment.
- Enrollment goals are published in the 2000-02 Trust Fund Guidelines: EKV, KSU, MoSU, MuSU, NKU, and WKU will be measured by growth in undergraduate enrollment, UK by increases in undergraduate and graduate and professional enrollment, UofL by growth in graduate and professional enrollment, and KCTCS and LCC by increases in headcount students enrolled in college credit courses.
- Two of the three proposed distribution formulas weight increases in the number of students enrolled from underserved populations.
- No special consideration is given to KYVU enrollments.

### **Option 1: Retention Goals as Threshold to Program Funds (Performance Based)**

- An institution must achieve its fall 2001 retention goal to be eligible to receive any fiscal year 2002 program funds.
- Institutions achieving their fall 2001 retention goals will receive program funds based upon actual FTE enrollment growth measured from fall 1998 to fall 2001.
- Enrollment growth from target counties will receive additional weight in the allocation of program funds. The allocations will be based on enrollment growth, calculated state support amounts per FTE, and increases in the number of students enrolled from underserved populations. The resulting distribution will be limited to the amount of available enrollment growth funds.
- Any unearned funds in each of the three trust funds will be redistributed among eligible institutions that have met or exceeded retention and enrollment goals.
- The allocations will occur by December 15, 2001, and will be recurring. The allocated funds will be added to each institution's state General Fund appropriation base beginning with the fiscal year 2003.

## **Option 2: Separate Enrollment Growth and Retention Pools (Performance Based)**

- Each trust fund will have separate, equal pools for enrollment and retention.
- An institution must achieve its fall 2001 retention goal to receive any fiscal year 2002 program funds from the retention pool. The funds will be distributed among eligible institutions based on fall 2001 undergraduate headcount.
- The enrollment growth funds will be allocated based on actual FTE enrollment growth measured from fall 1998 to fall 2001.
- Enrollment growth from target counties will receive additional weight in the allocation of program funds. The allocations will be based on enrollment growth, calculated state support amounts per FTE, and increases in the number of students enrolled from underserved populations. The resulting distribution will be limited to the amount of available enrollment growth funds.
- Any unearned funds will be redistributed among eligible institutions that have met or exceeded their retention and enrollment goals.
- The allocations will occur by December 15, 2001, and will be recurring. The allocated funds will be added to each institution's state General Fund appropriation base beginning with the fiscal year 2003.

### **Option 3: Advance Program Funds (Goal Based)**

- Program funds will be allocated to the institutions before fall 2001 enrollment and retention rates are known. The funds will be allocated based on the methodology presented in Option 2—separate enrollment growth and retention pools.
- The retention pool will be distributed among the institutions based on fall 2001 undergraduate headcount enrollment goals.
- The enrollment growth funds will be allocated to the institutions based on fall 2001 enrollment goals less fall 1998 actual enrollment times the established state support amount per FTE for each institution. The resulting distribution will be limited to the amount of available funds.
- The allocations will occur in July 2001. The allocated retention funds will become recurring if the institutions achieve their fall 2001 retention goals. The allocated enrollment funds will become recurring to the extent that the institutions achieve their fall 2001 enrollment goals. The advance allocations based on Option 3 are presented in Appendix B.
- The council's 2002-04 budget recommendation will be based on fall 2001 enrollments to address the actual increases in enrollment on a recurring basis. Any unearned recurring fiscal year 2002 enrollment growth and retention funds will revert back to the trust funds and be used as part of the 2002-04 enrollment growth and retention programs. Thus, the 2002-04 enrollment growth and retention program will address increases in the 2002-04 biennium.

# Kentucky Postsecondary Education

## 2000-02 TRUST FUNDS GUIDELINES:

*Research Challenge Trust Fund*

*Regional Excellence Trust Fund*

*Postsecondary Workforce Development Trust Fund*

*Technology Initiatives Trust Fund*

*Physical Facilities Trust Fund*

*July 17, 2000*

# 2000-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES

## *Introduction*

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The Council, in conjunction with the institutions, established enrollment and retention targets that will be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiatives to reach national averages in educational attainment by 2020. Additionally, the program should target underserved areas.

The 2000-02 Appropriations Bill allocates the \$8 million Enrollment Growth and Retention Program funds for 2000-01:

### **Research Universities**

University of Kentucky	\$950,000
Lexington Community College	250,000
University of Louisville	450,000
<b>Total</b>	<b>\$1,650,000</b>

### **Comprehensive Universities**

Eastern Kentucky University	850,000
Kentucky State University	400,000
Morehead State University	350,000
Murray State University	200,000
Northern Kentucky University	350,000
Western Kentucky University	700,000
<b>Total</b>	<b>\$2,850,000</b>

<b>Kentucky Community and Technical College System Total</b>	<b>\$3,500,000</b>
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<b>System Total</b>	<b>\$8,000,000</b>
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The 2001-02 appropriation is not allocated at this time.

Biennial enrollment and retention goals were established for each institution as part of the *1999-2004 Action Agenda*.

- For 2000-01, institutions will be measured by whether or not they meet the fall 2000 goals.
- Because of the 2000-01 legislative appropriation, the enrollment and retention schedules now include objectives for each year of the biennium. The first year objectives are interpolations.

#### **A. Uses of Enrollment Growth and Retention Program Funds**

1. There are no restrictions on the non-recurring use of 2000-01 Enrollment Growth and Retention Program funds for institutions that meet fall 2000 enrollment and retention goals.
2. Institutions that assign 2000-01 enrollment growth and retention funds to recurring activities should understand that the distribution of the 2001-02 appropriation will be based on meeting enrollment and retention goals in the fall of 2001.

#### **B. Distribution of 2000-01 Funds**

Enrollment growth and retention funds will be distributed after July 1, 2000. However, institutions that do not meet fall 2000 enrollment and retention goals must submit a plan showing how the funds will be used to support recruitment and retention efforts.

#### **C. Distribution and Uses of 2001-02 Enrollment Growth and Retention Program Funds**

It is anticipated that the 2001-02 Enrollment Growth and Retention Program Guidelines will be submitted to the Council no later than its January 2001 meeting. The distribution of 2001-02 funds will be based on meeting fall 2001 enrollment and retention goals.



***Undergraduate Enrollment  
Fall Semester***

	<u>Actual</u>		<u>Goal</u>	
	<u>1998*</u>	<u>1999*</u>	<u>2000</u>	<u>2001</u>
<b>Research Universities</b>				
University of Kentucky	17,200	16,800	17,300	17,400
Lexington Community College	6,100	6,800	6,700	7,000
University of Louisville	14,600	14,700	14,500	14,400
<b>Comprehensive Universities</b>				
Eastern Kentucky University	13,500	13,300	13,800	14,100
Kentucky State University	2,200	2,300	2,300	2,400
Morehead State University	6,700	6,600	6,800	6,900
Murray State University	7,300	7,300	7,400	7,500
Northern Kentucky University	10,600	10,700	10,700	10,900
Western Kentucky University	12,700	12,900	13,000	13,200
<b>KCTCS</b>	45,500	46,000	47,300	48,800
<b>Subtotal</b>	<b>136,400</b>	<b>137,400</b>	<b>139,800</b>	<b>142,600</b>
Independent Institutions	24,200	24,100	24,200	24,700
<b>Total Undergraduate Enrollment</b>	<b>160,600</b>	<b>161,500</b>	<b>164,000</b>	<b>167,300</b>

\* Rounded

***Graduate/Professional Enrollment\****  
***Fall Semester***

	<u>Actual</u>		<u>Goal</u>	
	<u>1998**</u>	<u>1999**</u>	<u>2000</u>	<u>2001</u>
University of Kentucky	7,000	6,700	7,000	7,100
University of Louisville	6,100	6,000	6,200	6,300
<b>Total Graduate/Professional Enrollment</b>	<b>13,100</b>	<b>12,700</b>	<b>13,200</b>	<b>13,400</b>

\* Excludes Postdoctoral Students

\*\* Rounded

***Retention Rates  
Fall Semester***

	<b>Actual</b>		<b>Goal</b>	
	<b><u>1998*</u></b>	<b><u>1999*</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>
<b>Research Universities</b>				
University of Kentucky	80%	79%	80%	81%
Lexington Community College**	62	62	63	63
University of Louisville	71	69	72	73
<b>Comprehensive Universities</b>				
Eastern Kentucky University	63	61	64	65
Kentucky State University	57	71	58	59
Morehead State University	64	59	65	66
Murray State University	72	67	72	73
Northern Kentucky University	63	62	64	65
Western Kentucky University	68	67	68	69
<b>KCTCS**</b>	53	53	54	55

\* Rounded. First-time freshmen in fall 1997 who were still enrolled in fall 1998, and first-time freshmen in fall 1998 who were still enrolled in fall 1999.

\*\* Includes students who transferred to public universities.

## **POSTSECONDARY EDUCATION TRUST FUNDS INVESTMENT INCOME**

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**Agenda Item 3  
January 16, 2001**

House Bill 1, *The Postsecondary Education Improvement Act of 1997*, states that income earned from trust funds shall be credited to the appropriate trust fund account. The investment earnings must be used for the legislatively mandated purposes of the trust funds and reserved for the individual institutions. Following is a schedule of the interest earnings for the trust funds by institution through June 30, 2000.

The use of the investment earnings was discussed at the December 6 presidents meeting, the December 19 Finance Committee meeting, and the January 3 presidents meeting. Mr. Davies has proposed that the investment income be matched as the original trust funds were matched. He further proposed that if institutions allocated some investment income to advance the statewide strategy for engineering education, the council would provide matching funds from the Technology Initiative Trust Fund. As shown in Agenda Item 4, the council staff recommends that \$650,000 from the Technology Initiative Trust Fund be allocated for academic program development.

The presidents of the University of Kentucky and the University of Louisville have expressed concern about allocating investment income from the Research Challenge Trust Fund to undergraduate programs, including engineering education. However, they are willing to work with the council and the comprehensive universities to develop a financial plan to expand joint engineering degree programs without committing these specific funds.

The staff seeks council guidance on the allocation of the investment income. After discussion by the Finance Committee, the council staff will bring a recommendation on the allocation and use of the trust funds investment income to the February 5 council meeting.

Staff Preparation by Angela S. Martin

**INCENTIVE TRUST FUNDS  
INVESTMENT INCOME STATUS REPORT**

<b>Trust Fund/Institution</b>	<b>1997-98 Interest</b>	<b>1998-99 Interest</b>	<b>1999-00 Interest</b>	<b>Total Interest</b>
<b>Research Challenge</b>				
University of Kentucky	\$ 93,204	\$ 79,593	\$ 52,446	\$ 225,243
University of Louisville	46,602	41,676	25,989	114,267
<b>Research Challenge Total</b>	<b>139,806</b>	<b>121,269</b>	<b>78,435</b>	<b>339,510</b>
<b>Research Endowment</b>				
University of Kentucky	-	1,837,681	368,768	2,206,449
University of Louisville	-	1,043,497	375,721	1,419,218
<b>Research Endowment Total</b>	<b>-</b>	<b>2,881,178</b>	<b>744,489</b>	<b>3,625,667</b>
<b>Regional University Excellence</b>				
Eastern Kentucky University	33,903	32,516	27,232	93,651
Kentucky State University	11,184	32,501	33,949	77,634
Morehead State University	20,160	48,398	16,370	84,928
Murray State University	24,676	21,244	13,333	59,253
Northern Kentucky University	17,168	44,597	15,517	77,282
Western Kentucky University	32,714	77,292	79,643	189,649
<b>Regional University Excellence Total</b>	<b>139,805</b>	<b>256,548</b>	<b>186,044</b>	<b>582,397</b>
<b>Regional University Endowment</b>				
Eastern Kentucky University	-	85,466	27,340	112,806
Kentucky State University	-	26,530	40,069	66,599
Morehead State University	-	50,559	78,440	128,999
Murray State University	-	58,614	80,173	138,787
Northern Kentucky University	-	42,229	36,544	78,773
Western Kentucky University	-	59,719	17,490	77,209
<b>Regional University Endowment Total</b>	<b>-</b>	<b>323,117</b>	<b>280,056</b>	<b>603,173</b>
<b>Workforce Development</b>				
KCTCS	69,903	144,770	245,855	460,528
<b>Workforce Development Total</b>	<b>69,903</b>	<b>144,770</b>	<b>245,855</b>	<b>460,528</b>
<b>System Total</b>	<b>\$ 349,514</b>	<b>\$ 3,726,882</b>	<b>\$ 1,534,879</b>	<b>\$ 5,611,275</b>

## **TECHNOLOGY INITIATIVE TRUST FUND**

**Agenda Item 4  
January 16, 2001**

The Technology Initiative Trust Fund (KRS 164.7921) is the most broadly drawn of the six original strategic initiative and investment trust funds. For the 1998-2000 biennium, \$20.3 million was appropriated to the trust fund to implement a statewide technology infrastructure, for improvements to campus technology infrastructures, and to develop the Kentucky Virtual University and the Kentucky Virtual Library. It also includes language that permits its use for efforts that support the system's strategic agenda. The language of the trust fund reads in part:

(1) (b) to provide funding for the Commonwealth Virtual University . . . and other programs consistent with the purposes of postsecondary education, the adopted strategic agenda, and the biennial budget process.

As shown on the following schedule, the council staff recommends the allocation of the majority of the remaining funds to five activities that are consistent with the adopted strategic agenda:

- \$650,000 for academic program development, which may address the statewide strategy on engineering education
- \$300,000 for surveys that support the key indicators
- \$100,000 for the council's Web development
- \$400,000 for degree audit and course transfer systems
- \$100,000 for local P-16 councils

As of July 1, 2000, approximately \$6.1 million remains in the trust fund, including interest income. The approved and recommended allocations from the 1998-2000 trust fund appropriation are shown on the following schedule.

As shown, \$3.66 million of the remaining funds will be needed to complete the 1998-2000 projects, which are primarily related to the Kentucky Virtual University and the Kentucky Virtual Library. During the 2000 Session of the General Assembly, the council agreed to fund several activities from the trust fund, most notably equal educational opportunities such as the Southern Regional Education Board Faculty Diversity Program and a mathematics diagnostic test authorized by the budget bill, HB 502, but not funded.

After discussion by the Finance Committee, the council staff will bring a recommendation on the allocation of the 1998-2000 Technology Initiative Trust Fund to the February 5 council meeting.

Staff Preparation by Dennis Taulbee and Angela S. Martin

**Council on Postsecondary Education  
Technology Initiative Trust Fund  
Allocations as of January 16, 2001**

<b><i>Category / Projects</i></b>	<b><i>Estimated Scope</i></b>	<b><i>Estimated Completion Date</i></b>
<b>1998-2000 Continuation Projects</b>		
KCTCS		
Network Extension to Technical Colleges	\$ 160,000	December, 2000
Server Support	150,000	July, 2000
	<u>\$ 310,000</u>	
KYVU / KYVL		
Course Development	\$ 1,500,000	December, 2000
Endeavor (Back-up Server and Training)	127,000	December, 2000
Home School Modeling Programming	370,000	December, 2000
Information Literacy	150,000	December, 2000
Internet Provider Service	235,000	January, 2001
Operating Budget	518,000	December, 2000
Student Recruitment	250,000	December, 2000
Web Development	200,000	December, 2000
	<u>3,350,000</u>	
<b>Total 1998-2000 Continuation Projects</b>	<b>\$ 3,660,000</b>	
 <b>Additional Projects Approved by the Council</b>		
CPE - Mathematics Diagnostic Test	\$ 200,000	April, 2001
Equal Educational Opportunity Programs	411,000	May, 2002
	<u>\$ 611,000</u>	
<b>Total Additional Projects Approved by the Council</b>	<b>\$ 611,000</b>	
 <b>Recommended Allocations</b>		
Academic Program Development	\$ 650,000	June, 2002
Assessment Surveys	300,000	March, 2001
CPE Web Development	100,000	February, 2001
Degree Audit and Course Transfer Systems	400,000	April, 2001
Local P-16 Councils	100,000	March, 2001
	<u>\$ 1,550,000</u>	
<b>Total Recommended Allocations</b>	<b>\$ 1,550,000</b>	
 <b>Total Allocations</b>	<b><u>\$ 5,821,000</u></b>	



**INSTITUTIONAL CAPITAL PROJECT:  
KCTCS – HENDERSON COMMUNITY COLLEGE  
LEASE OF CLASSROOM SPACE**

***ACTION***  
**Agenda Item 5**  
**January 16, 2001**

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**Recommendation**

The staff recommends that the council approve the Kentucky Community and Technical College System's request to spend \$240,000 annually in private funds to lease classroom and office space for an industrial maintenance program.

**Background**

The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing \$400,000 or more and any lease of real property space with an annual cost of \$200,000 or more regardless of fund source.

Henderson Community College needs 26,000 square feet to teach manufacturing technology and industrial maintenance technology. The community college does not have adequate or suitable space on its campus. The programs require significant load-bearing capacity (especially in manufacturing) due to the nature and size of required equipment. Special data processing and electrical service may also be necessary. The college seeks to meet strong demand for training and instruction by area business and industry.

David Coudret of Preferred Properties in Henderson, Kentucky, owns the space. KCTCS has indicated that \$1.2 million of private funds are available for the lease and operating costs. The lease includes 30 reserved parking spaces for staff and students. KCTCS may request state support for the continuation of the lease agreement and funds to underwrite the costs of operation in future biennial budget requests. KCTCS may terminate the lease upon 30 days written notice should its educational need for the space or funding approval end.

Following council action at its February 5 meeting, the staff will forward the council's action to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.